

ARIZONA DEPARTMENT OF FINANCIAL INSTITUTIONS

In the Matter of the Mortgage Banker License of:

No. 09F-BD076-BNK

TUCSON MORTGAGE COMPANY, L.L.C., #1
1660 N. River Road, Suite 150
Tucson, Arizona 85718

CONSENT ORDER

Petitioner.

In the Matter of the Mortgage Banker License of:

No: 09F-BD077-BNK

TUCSON MORTGAGE COMPANY, L.L.C., #3
dba ATLAS FUNDING COMPANY
2823 N. Sidney
Tucson, Arizona 85712

Petitioner.

In the Matter of the Mortgage Banker License of:

No: 09F-BD078-BNK

TUCSON MORTGAGE COMPANY, L.L.C., #4
dba MIRACLE MORTGAGE
4526 E. Camp Lowell
Tucson, Arizona 85712

Petitioner.

On April 22, 2009, the Arizona Department of Financial Institutions ("Department") issued three Orders to Cease and Desist: Notices of opportunity For Hearing; Consent to Entry of Orders in the three referenced cases alleging that Petitioners have violated Arizona law. Wishing to resolve this matter in lieu of an administrative hearing, without admitting liability, Petitioners do not contest the following Findings of Fact and Conclusions of Law, and consent to the entry of the following Order.

1 **FINDINGS OF FACT**

2 1. Petitioners Tucson Mortgage Company, L.L.C., #1 ("Tucson #1"); Tucson Mortgage
3 Company, L.L.C., #3 dba Atlas Funding Company ("Tucson #3"); and Tucson Mortgage Company,
4 L.L.C., #4 dba Miracle Mortgage ("Tucson #4") (collectively, "Petitioners") are Arizona limited
5 liability companies authorized to transact business in Arizona as mortgage bankers, license numbers
6 BK 0018271, BK 0903387, and BK 0903389, respectively, within the meaning of A.R.S. §§ 6-941,
7 *et seq.* The nature of Petitioners' business is that of making, negotiating, or offering to make or
8 negotiate a mortgage banking loan or a mortgage loan secured by Arizona real property within the
9 meaning of A.R.S. § 6-941(5).

10 2. William G. Anastopoulos ("Mr. Anastopoulos") is the President of Tucson Mortgage #1,
11 Tucson Mortgage #3, and Tucson Mortgage #4, and is authorized to transact business in Arizona as a
12 mortgage banker within the meaning of A.R.S. § 6-941(5), as outlined within A.R.S. § 6-943(F).

13 3. Petitioners and Mr. Anastopoulos are not exempt from licensure as mortgage bankers
14 within the meaning of A.R.S. §§ 6-942 and 6-941(5).

15 4. The Department's examinations of Petitioners' mortgage business, which commenced on
16 January 5, 2009 through February 11, 2009, revealed that Petitioners:

- 17 a. Failed to maintain a complete loan application listing by failing to provide accurate
18 information regarding application date and final disposition;
- 19 b. Solicited and advertised business using an unapproved name; specifically:
- 20 i. At Tucson Mortgage #1, an employee and designated branch manager of the
21 Petitioners, M. J., has a website www.mikeintucson.com. The website
22 advertises and informs the public that mortgage banking loans or mortgage
23 loans are made or negotiated with Golden Gate Mortgage, LLC at 3131 N.
24 Country Club Road, Ste. #111, Tucson, AZ 85716. The site reflects a licensed
25 branch number of BKBR-0019055. This is a licensed branch address for
26 Tucson Mortgage Company, LLC #1. Following the prompts for information

1 regarding a loan links to a site for Miracle Mortgage @ 3131 N. Country Club
2 Road, Ste. #111, Tucson, AZ 85716. Miracle Mortgage is an additional
3 licensed DBA name for Tucson Mortgage Company, LLC, but does not have
4 a licensed branch location at 3131 N. Country Club Road, Ste. #111, Tucson,
5 AZ 85716;

6 c. Made false promises, misrepresentations, or concealed essential or material facts in
7 the course of the mortgage banker business at Tucson Mortgage #1 and #4;
8 specifically:

9 Tucson Mortgage #1; specifically:

- 10 1. A review of two mortgage loan files revealed the same borrower, B. C.,
11 closed on two different properties and shows a series of misrepresentations.
12 The loan officer on both transactions was David Klein.
 - 13 i. Transaction One funded by Countrywide Bank, FSB on 03-22-07.
14 Transaction One was closed in the borrower's name and contains a final
15 HUD-1 settlement statement showing a settlement date of 03-22-07. An
16 owner-occupied purchase including a first and second mortgage totaling
17 \$189,500.00.
 - 18 ii. Transaction Two funded by Home Mortgage Loan Corporation on 03-26-
19 07. An investment purchase with a first mortgage totaling \$183,000.00. The
20 mortgage file for Transaction Two contained a Fannie Mae loan application
21 1003 dated 03-15-07 which failed to disclose Transaction One on the
22 schedule of real estate owned. The failure to disclose Transaction One
23 concealed a \$189,500.00 mortgage obligation from the lender.
- 24 2. A review of two mortgage loan files revealed the same borrower, S. C.,
25 closed on two different properties and shows a series of misrepresentations.
26 The loan officer on both transactions was Thomas Piazza.

- i. Transaction One funded by Crestar Mortgage on 06-06-06. Transaction One was closed in the borrower's name and contains a final HUD-1 settlement statement showing a settlement date of 06-06-06. An owner-occupied purchase including a first and second mortgage totaling \$185,000.00.
- ii. Transaction Two funded by Sebring Capital Partners, LP on 06-23-06. An investment purchase including a first and second mortgage totaling \$163,000.00. The mortgage file for Transaction Two contained a Fannie Mae loan application 1003 dated 06-21-06 which failed to disclose Transaction One on the schedule of real estate owned. The failure to disclose Transaction One concealed a \$185,000.00 mortgage obligation from the lender.
3. A review of two mortgage loan files revealed the same borrower, J. P., closed on two different properties and shows a series of misrepresentations. The loan officer on both transactions was David Klein.
- i. Transaction One funded by Lehman Brothers Bank on 08-14-06. Transaction One was closed in the borrower's name and contains a final HUD-1 settlement statement showing a settlement date of 08-14-06. An investment purchase including a first mortgage totaling \$184,900.00.
- ii. Transaction Two funded by Countrywide Bank, N.A. on 08-15-06. An owner-occupied purchase including a first and second mortgage totaling \$210,000.00. The mortgage file for Transaction Two contained a Fannie Mae loan application 1003 dated 08-10-06 which failed to disclose Transaction One on the schedule of real estate owned. The failure to disclose Transaction One concealed a \$184,900.00 mortgage obligation from the lender.
4. A review of four mortgage loan files revealed the same borrower, F. C., closed on four different properties and shows a series of misrepresentations. The loan officer on all four transactions was Steven Stratigouleas.

1 Transactions One and Two originated 06-09-08, funded by Countrywide
2 Bank, FSB on 08-07-08.

3 i. Transaction One involved an investment refinance of a first mortgage
4 totaling \$127,500.00.

5 ii. Transaction Two involved an investment refinance of a first mortgage
6 totaling \$131,250.00. On 06-09-08, Steven Stratigouleas originated two
7 applications for the refinance of a first mortgage on F.C.'s investment
8 properties referenced as Transaction One and Transaction Two above.

9 Transactions One and Two were closed in the borrower's name on 08-07-08.

10 iii. Transaction Three originated 07-17-08, funded by Countrywide Bank,
11 FSB on 08-15-08. On 07-17-08, Steven Stratigouleas originated one
12 additional application for the refinance of a first mortgage on F. C.'s
13 investment property. Transaction Three was closed in the borrower's name
14 on 08-15-08 and involved an investment refinance of a first mortgage totaling
15 \$127,500.00.

16 iv. Transaction Four originated 07-17-08, funded by Crestar Mortgage on 08-
17 29-08. Again on 07-17-08, Steven Stratigouleas originated the fourth
18 application for the purchase of a second home involving a first mortgage
19 totaling \$192,000.00. Transactions One, Two and Three were underwritten
20 and closed with the same end lender. The Licensee used and included the
21 same credit report dated 06-09-08 for the processing of all four transactions or
22 files. On 08-06-08, prior to closing Transactions One, Two or Three, the
23 Licensee ordered the appraisal for Transaction Four.

24 The Licensee failed to disclose the purchase of Transaction Four to final
25 lenders prior to closing on Transactions One, Two and Three. Failure to
26 disclose this new purchase transaction concealed a \$192,000.00 mortgage

obligation. Transaction Four was underwritten and closed with a different lender to further conceal the existence of the additional mortgage obligation.

5. A review of two mortgage loan files revealed the same borrower, B. B., closed on two different properties and shows a series of misrepresentations. The loan officer on both transactions was Steven Stratigouleas.

i. Transaction One funded by Washington Federal Savings on 08-12-08. An investment purchase including a first mortgage totaling \$127,400.00.

ii. Transaction Two funded by National Bank of Arizona on 08-29-08. An owner occupied refinance with a first mortgage investment purchase including a first mortgage totaling \$654,500.00.

The mortgage file for transaction two contained a Fannie Mae loan application (1003), dated 08-29-08, which failed to disclose transaction one on the schedule of real estate owned. Transaction one was closed in the borrower's name and contains a final HUD-1 settlement statement, showing a settlement date of 08-12-06. The failure to disclose transaction one concealed a \$127,400.00 mortgage obligation from the lender.

6. A review of two mortgage loan files revealed the same borrower, M. B., closed on two different properties and shows a series of misrepresentations. The loan officer on both transactions was Belinda Thomas.

i. Transaction One funded by Washington Mutual on 05-18-07. An investment refinance of a first mortgage totaling \$100,000.00.

ii. Transaction Two funded by Security National Mortgage Company on 07-06-07. An investment refinance of a first mortgage totaling \$135,000.00.

The mortgage file for transaction one contained a Fannie Mae loan application (1003), dated 05-16-07, which failed to disclose the property owned in transaction two on the schedule of real estate owned. The borrower

1 has owned the property in transaction two since 1997. The failure to disclose
2 the property owned in transaction two concealed an existing \$131,000.00
3 mortgage obligation from the lender.

- 4 7. A review of two mortgage loan files revealed the same borrower, A. D.,
5 closed on two different properties and shows a series of misrepresentations.
6 The loan officer on both transactions was Jay Garrett.
- 7 i. Transaction One funded by Citibank on 06-21-07. An owner-occupied
8 refinance including a Home Equity Line of Credit totaling \$250,000.00.
- 9 ii. Transaction Two funded by Countrywide Home Loans, Inc DBA AWL on
10 07-19-07. An owner-occupied purchase including a first mortgage totaling
11 \$332,000.00. On 05-27-07, Jay Garrett originated an application for the
12 refinance of a second mortgage on A. D.'s owner-occupied property. The
13 home equity line of credit was funded on 06-21-07 with Citibank. The
14 Licensee failed to disclose or include the purchase of Transaction Two above.
15 The Licensee had originated an owner-occupied purchase application dated 6-
16 14-07 and had a copy of the signed purchase contract dated 6-13-07 and
17 received a completed appraisal ordered 6-18-07. The Licensee used and
18 included the same credit report dated 5-29-07 for the processing of both files.
19 Failure to disclose this new owner occupied purchase transaction concealed a
20 \$332,000.00 mortgage obligation.
- 21 8. A review of two mortgage loan files revealed the same borrower, B. K.,
22 closed on two different properties and shows a series of misrepresentations.
23 The loan officer on both transactions was Efrain Rojas.
- 24 i. Transaction One funded by JPMorgan Chase Bank, NA on 05-02-07. An
25 owner-occupied refinance including a Home Equity Line of Credit totaling
26 \$73,500.00. On 03-15-07, Efrain Rojas originated an application for the

1 refinance of a second mortgage on B.K.'s owner-occupied property. The
2 home equity line of credit was funded on 05-02-07.

3 ii. Transaction Two funded by Crestar Mortgage on 06-07-07. An investment
4 purchase including a first mortgage totaling \$203,662.00. On 03-15-07, the
5 Licensee also originated an owner occupied purchase application. Transaction
6 Two contains a copy of the signed purchase contract dated 03-10-07. Failure
7 to disclose this new owner occupied purchase Transaction Two, concealed a
8 \$203,662.00 mortgage obligation.

9 Tucson Mortgage #4; specifically:

10 1. A review of two mortgage loan files revealed the same borrower, M. K.,
11 closed on two different properties and shows a series of misrepresentations.
12 The loan officer on both transactions was Dennis Wilson.

13 i. Transaction One funded by American Mortgage Network on 08-16-06
14 An owner-occupied refinance including a second mortgage (home equity line
15 of credit) totaling \$300,000.00. On 07-22-06, Dennis Wilson originated an
16 application for the refinance of a second mortgage on M. K.'s owner-
17 occupied property. The second mortgage loan funded on 08-16-06 with
18 American Mortgage Network.

19 ii. Transaction Two funded by Winstar Mortgage Partners, Inc on 09-29-06
20 An owner-occupied purchase including a first mortgage totaling \$594,000.00.
21 The Licensee failed to disclose or include the second transaction purchase of
22 the property on which the Licensee had a copy of the signed purchase
23 contract on 07-07-06 and received a completed appraisal dated 07-24-06.
24 Failure to disclose this new owner-occupied purchase transaction concealed a
25 \$594,000.00 mortgage obligation.

26 ...

- 1 2. A review of two mortgage loan files revealed the same borrower, D. F.,
2 closed on two different properties and shows a series of misrepresentations.
3 The loan officer on both transactions was Dennis Wilson.
- 4 i. Transaction One funded by Countrywide Bank, FSB on 02-28-08 An
5 investment refinance including a first mortgage totaling \$135,000.00,
6 (Albatross property).
- 7 ii. Transaction Two funded by Sierra Pacific Mortgage Company, Inc. on 03-
8 07-08. An owner-occupied purchase including a first mortgage totaling
9 \$180,000.00, (Blackcrest property). On 01-16-08, Dennis Wilson originated
10 an application for the refinance of a first mortgage on D.F.'s investment
11 property on Albatross Drive. The first mortgage loan funded on 02-28-08
12 with Countrywide Bank, FSB. The Licensee failed to disclose or include the
13 purchase of the Blackcrest property on which the Licensee had originated an
14 owner-occupied purchase application dated 02-06-08. The Licensee had a
15 copy of the signed purchase contract dated 01-31-08. The Licensee ordered
16 and received a completed appraisal dated 02-08-08. Failure to disclose this
17 new owner-occupied purchase transaction concealed a \$180,000.00 mortgage
18 obligation.
- 19 3. A review of three mortgage loan files revealed the same borrower, D. R.,
20 closed on three different properties and shows a series of misrepresentations.
21 The loan officer on both transactions was Dennis Wilson.
- 22 i. Transaction One funded by New Century Mortgage Corp. on 05-30-06. An
23 investment refinance including a first mortgage totaling \$315,000.00.
- 24 ii. Transaction Two funded by Sierra Pacific Mortgage Company, Inc. on 08-
25 14-06. A second home refinance including a first mortgage totaling
26 \$595,000.00.

1 iii. Transaction Three funded by American Mortgage Network on 08-16-06.
2 An owner-occupied purchase including a first mortgage totaling \$910,000.00.
3 The mortgage file for Transaction One contained a Fannie Mae loan
4 application 1003 dated 05-26-06 which failed to disclose the ownership of the
5 second home from Transaction Two on the schedule of real estate owned.
6 The property from Transaction Two was closed in the borrower's name in
7 2003. The failure to disclose the property from Transaction Two concealed
8 ownership of a second home and concealed its tax and insurance obligations
9 of \$226.03/mo. from the lender.

10 Tucson Mortgage #3; specifically:

11 a. Failed to notify the superintendent before a change of address; specifically:

12 1. On July 31, 2007, Petitioner provided a change of address application for its
13 principal place of business, reflecting a new address of 2992 N. Miller Rd.
14 #216A, Scottsdale, AZ 85251. This location was the residence of its
15 designated branch manager, Austin Bates, and no lease was provided.
16 Employee records for the Petitioner show Austin Bates terminated
17 employment with the Petitioner on 7-1-2008;

18 b. Failed to designate maintain a domestic place of business; and

19 c. Failed to ensure that the Responsible Individual maintained a position of active
20 management, failed to ensure that the Responsible Individual was knowledgeable
21 about all Arizona activities, and failed to direct Petitioner's activities in compliance
22 with A.R.S. Title 6, Chapter 9 and related applicable rules.

23 5. Based upon the above Findings of Fact, the Department issued and served upon Tucson
24 #1, Tucson #3, Tucson #4, and Mr. Anastopoulos three Orders to Cease and Desist; Notices of
25 Opportunity For Hearing; Consent to Entry of Orders ("Cease and Desist Orders") on April 22,
26 2009.

6. On May 22, 2009, Petitioners filed a Request For Hearing to appeal the Cease and Desist Orders.

7. Petitioners have voluntarily agreed to take corrective action, to implement a quality control program to supervise their loan originators and to comply with the Department's requests. Specifically, Petitioners have and will cooperate with the Department's development of cases pursuant to A.R.S. § 6-161. Cooperation shall include providing documentation and testimony. Such findings do not waive any provisions of the Consent Order.

8. Petitioners have closed the mortgage banking operations at Tucson #3 and Tucson #4.

CONCLUSIONS OF LAW

1. Pursuant to A.R.S. §§ 6-941, *et seq.*, the Superintendent has the authority and duty to regulate all persons engaged in the mortgage banker business and with the enforcement of statutes, rules, and regulations relating to mortgage bankers.

2. By the conduct set forth in the Findings of Fact, Tucson #1, Tucson #3, and Tucson #4 violated the following:

- a. A.A.C. R20-4-1806(B)(6), by failing to maintain a complete loan application listing;
- b. A.R.S. § 6-943(N), by soliciting and advertising business using an unapproved name;
- c. A.R.S. § 6-947(L), by making false promises or misrepresentations or concealing essential or material facts in the course of the mortgage banker business.
- d. A.R.S. § 6-944(E) and A.A.C. R20-4-1805, by failing to notify the Superintendent at least five business days before a change of address;
- e. A.R.S. § 6-944(E) by failing to designate and maintain a principal place of business in Arizona for the transaction of business; and
- f. A.R.S. § 6-943(F) and A.A.C. R20-4-102 by failing to ensure that the Responsible Individual maintained a position of active management, failing to ensure that the Responsible Individual was knowledgeable about all Arizona activities, and failing to

• • •

1 direct Petitioner's activities in compliance with A.R.S. Title 6, Chapter 9 and related
2 applicable rules.

3 3. The violations, set forth above, constitute grounds for: (1) the issuance of an order
4 pursuant to A.R.S. § 6-137 directing Petitioners to cease and desist from the violative conduct and to
5 take the appropriate affirmative actions, within a reasonable period of time prescribed by the
6 Superintendent, to correct the conditions resulting from the unlawful acts, practices, and
7 transactions; (2) the imposition of a civil monetary penalty pursuant to A.R.S. § 6-132; (3) the
8 suspension or revocation of Petitioners' license pursuant to A.R.S. § 6-945; (4) an order to pay
9 restitution of any fees earned on loans made in violation of A.R.S. § 6-941, *et seq.*, pursuant to
10 A.R.S. §§ 6-131 (A)(3) and 6-137; and (5) an order or any other remedy necessary or proper for the
11 enforcement of statutes and rules regulating mortgage bankers pursuant to A.R.S. §§ 6-123 and
12 6-131.

13 4. Petitioners failed to conduct their mortgage banker business in accordance with the
14 rules and statutes as set forth in paragraph 3 above, which is grounds for the suspension or
15 revocation of Petitioners' mortgage banker licenses, pursuant to A.R.S. § 6-945(A).

16 5. Pursuant to A.R.S. § 6-132, Petitioners' violations of the aforementioned statutes are
17 grounds for a civil penalty of not more than five thousand dollars (\$5,000.00) for each violation for
18 each day.

19 **ORDER**

20 1. Tucson Mortgage Company, L.L.C., #3 agrees to voluntarily surrender to the Department
21 its mortgage banker license, number BK 0903387, on or before July 31, 2009.

22 2. Tucson Mortgage Company, L.L.C., #4 agrees to voluntarily surrender to the Department
23 its mortgage banker license, number BK 0903389, on or before July 31, 2009.

24 3. Petitioners shall immediately stop the violations set forth above in the Findings of Fact
25 and Conclusions of Law.

26 ...

4. Tucson Mortgage Company, L.L.C., #1 shall comply with all Arizona statutes and rules regulating Arizona mortgage bankers (A.R.S. §§ 6-941 *et seq.*).

5. Tucson Mortgage Company, L.L.C., #1 shall ensure that the Responsible Individual maintains a position of active management, ensure that the Responsible Individual is knowledgeable about all Arizona activities, and direct Petitioners' activities in compliance with A.R.S. Title 6, Chapter 9 and related applicable rules.

6. Petitioners shall immediately pay to the Department a civil money penalty in the amount of fifteen thousand dollars (\$15,000.00). Petitioners are jointly and severally liable for payment of the civil money penalty.

7. The provisions of this Order shall be binding upon Petitioners, their employees, agents, and other persons participating in the conduct of the affairs of Tucson Mortgage #1, Tucson Mortgage #3, and Tucson Mortgage #4.

8. The provisions of this Order shall be binding upon Petitioners, and resolves these matters, subject to Petitioners' compliance with the requirements of this Order, as well as all other statutes and rules regulating mortgage bankers.

9. This Order shall become effective upon service, and shall remain effective and enforceable until such time as, and except to the extent that, it shall be stayed, modified, terminated, or set aside.

SO ORDERED this 14th day of August, 2009.

Felecia A. Rotellini
Superintendent of Financial Institutions

CONSENT TO ENTRY OF ORDER

1. Petitioners acknowledge that they have been served with a copy of the foregoing Findings of Fact, Conclusions of Law, and Order in the above-referenced matter, have read the same, are aware of their right to an administrative hearing in this matter, and have waived the same.

2. Petitioners admit the jurisdiction of the Superintendent and consent to the entry of the foregoing Findings of Fact, Conclusions of Law, and Order.

3. Petitioners state that no promise of any kind or nature has been made to induce them to consent to the entry of this Order, and that they have done so voluntarily.

4. Petitioners acknowledge that the acceptance of this Agreement by the Superintendent is solely to settle this matter and does not preclude this Department, any other agency or officer of this state or subdivision thereof from instituting other proceedings as may be appropriate now or in the future.

5. William G. Anastopoulos, on behalf of Tucson Mortgage #1, Tucson Mortgage #3, and Tucson Mortgage #4, represents that he is the President, and that, as such, has been authorized by Tucson Mortgage #1, Tucson Mortgage #3, and Tucson Mortgage #4, to consent to the entry of this Order on their behalf.

6. Petitioners waive all rights to seek judicial review or otherwise to challenge or contest the validity of this Cease and Desist Order.

DATED this 17TH day of July, 2009.

By William G. Anastopoulos, President
Tucson Mortgage Company, L.L.C., #1
Tucson Mortgage Company, L.L.C., #3
dba Atlas Funding Company
Tucson Mortgage Company, L.L.C., #4
dba Miracle Mortgage

ORIGINAL of the foregoing filed this 18th
day of August, 2009, in the office of:

Felecia A. Rotellini
Superintendent of Financial Institutions
Arizona Department of Financial Institutions
ATTN: June Beckwith
2910 N. 44th Street, Suite 310
Phoenix, AZ 85018

1 COPY mailed/delivered same date to:

2 Hon. Lewis D. Kowal, Administrative Law Judge
3 Office of the Administrative Hearings
4 1400 West Washington, Suite 101
Phoenix, AZ 85007

5 Craig A. Raby, Assistant Attorney General
6 Office of the Attorney General
1275 West Washington
Phoenix, AZ 85007

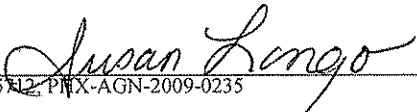
7 Robert D. Charlton, Assistant Superintendent
8 Brian Naig, Senior Examiner
9 Arizona Department of Financial Institutions
2910 N. 44th Street, Suite 310
Phoenix, AZ 85018

10 AND COPY MAILED SAME DATE by
11 Certified Mail, Return Receipt Requested, to:

12 Tucson Mortgage Company, L.L.C., #1
13 William G. Anastopoulos, President
1660 N. River Road, Suite 150
Tucson, AZ 85718
14 Petitioner

15 Tucson Mortgage Company, L.L.C., #3
16 dba Atlas Funding Company
William G. Anastopoulos, President
2823 N. Sidney
Tucson, AZ 85712
17 Petitioner

18 Tucson Mortgage Company, L.L.C., #4
19 dba Miracle Mortgage
William G. Anastopoulos, President
4526 E. Camp Lowell
20 Tucson, AZ 85712
21 Petitioner

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